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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

Commercial Treaties SUBJECT

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COUNTRY Czechoslovakia/Tegoslavia

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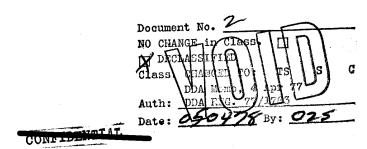
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SUPPLEMENT

ORIGIN 25X1X6

> 1. Negotiations are currently in progress between Czechoslovak industrial experts and a Yugoslav economic delegation seeking the implementation of the bilateral commercial treaties which were recently signed. The first treaty involves a seven billion crown investment loan for a period designed to build up the Yugoslav industry. The of five years. second treaty is of regular commercial nature and calls for exchange of goods up to two billion crowns annually.

- 2. Czechoslovak industrialists view the arrangement with disfavor, for the Yugoslav demands are very broad and, if met, would tie up the Czechoslovek heavy industrial output for years. Czechoslovek industrialists would prefer to build up western credits in order to modernize their own plants. Moreover, they would like to be in a position to step into at least part of the pre-war German market for heavy industry.
- Yagoslavs give highest priority to the setting up of power plants and factories to produce ball bearings, steam and water turbines, automobiles, textiles, and locomotives. The Czechoslovaks are surprised at the low priority which is given to mining machinery to develop the great resources of the Yugoslav mines.
- 4. Plans for delivery of twenty-five billion Czech crowns worth of goods are already drawn up. The delegations will now work to pare this down within the twenty-five billion frame of the treaty. Yugoslav Ambassador Cernej exercises high security controls over the negotiations and over the thirty-five members of the delegation.



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